

Message Text

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PAGE 01 NEW DE 14902 051916Z

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ACTION NEA-10

INFO OCT-01 ISO-00 SS-15 SP-02 L-01 EB-04 IGA-01 INR-05

RSC-01 /040 W

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R 051510Z NOV 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 5082

C O N F I D E N T I A L NEW DELHI 14902

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FOR KUX FROM SCHNEIDER

T. O. 11652: GDS

TAGS: EAID, IN

SUBJECT: PL 480 TITLE I

1. WE'RE DOING SOME OF THE SPADEWORK TO BE READY TO
NEGOTIATE UXSALES AGREEMENT AT SUCH TIME AS WE VBT AUTHORIZATION.
IN THIS CONNECTION, 23'D LIKE TO CONSIDER WITH YOU WAHT THE
CONTENT OF OUR NEGOTIATING INSTRUCTIONS SHOULD BE. THIS
SEEMS TO US A BETTER TACK THAN WAITING UNTIL THE INSTRUCTIONS
HAVE BEEN CLEARED AROUND BACK THERE BEFORE WE SPEAK UP.

2. FOR OPENERS, WE'VE BEEN SPENDING TIME HERE TRYING TO SATISFY
OURSELVES THAT WE WON'T BE BACK IN THE BUSINESS OF JOINT
PROGRAMMING OF THE RUPEE PROCEEDS OF ANY TITLE I COMMODITIES
SOLD IN INDIA BY THE GOI. SECTION 106(B) OF PL 480 SAYS
THAT IN DOLLAR SALES AGREEMENTS (WHICH WE CERTAINLY ASSUME WE'LL
HAVE HERE) SUCH PROCEEDS SHALL BE "USED FOR SUCH ECONOMIC
DEVELOPMENT PURPOSES AS ARE AGREED UPON IN THE SALES AGREEMENT..."
WE DON'T INTERPRET THIS TO MEAN THAT THE GOI HAS TO AGREE TO DO
ANYTHING ADDITIVE TO MEASURES IT IS UNDERTAKING ANYWAY (SOME
OF WHICH ARE STATED IN THE "SELF-HELP" PROVISIONS OF THE
SALES AGREEMENT ITSELF). IN OTHER WORDS, IT SEEMS TO US THAT
AN "ATTRIBUTION" APPROACH, OF THE TYPE INCORPORATED IN THE RUPPEE
AGREEMENT, IS ALL THAT'S NEEDED. IN THIS CONNECTION WE NOTE THAT
PRIOR USG/GOI TITLE I SALES AGREEMENTS SEEMINGLY MET THE 106(B)
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PAGE 02 NEW DE 14902 051916Z

REQUIREMENT MERELY BY INCLUSION OF THE FOLLOWING LANGUAGE:

"THE PROCEEDS OF COMMODITIES FINANCED... WILL CONSTITUTE A RESOURCE FOR FINANCING INDIA'S ANNUAL AND LONG RANGE ECONOMIC DEVELOPMENT PLANS, INCLUDING THE SELF-HELP MEASURES REFERRED TO IN THIS AGREEMENT".

3. CAN YOU ADVISE US IF OUR UNDERSTANDING, OUTLINED ABOVE, IS CORRECT? IF THERE'S ANY REASON TO THINK OUR INSTUCTIONS MIGHT CONTAIN LANGUAGE DIFFERENT FROM THAT QUOTED IMMEDIATELY ABOVE, PLEASE LET US KNOW.

4. AS A RELATED POINT, THE CONTENT OF THE "SELF-HELP" PROVISIONS OF THE SALES AGREEMENT COULD CONCEIVABLY POSE SOME NEGOTIATING DIFFICULTIES. WILL THE PORTION OF THE INSTRUCTIONS RELATING TO THESE PROVISIONS BE DRAFTED BACK THERE OR WILL SOME ADVANCE CONTRIBUTION BE EXPECTED OF US? WE PREFER THE LATTER.

5. AS INDICATED ABOVE, WE MAY HAVE MORE QUERIES FOR YOU WHEN WE'VE DONE SOME MORE HOMEWORK.
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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PL 480 TITLE 1, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 05 NOV 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974NEWDE14902
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740317-0627
From: NEW DELHI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741170/aaaachoz.tel
Line Count: 80
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: STADIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags:
Review Date: 19 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 AUG 2002 by kellew0>; APPROVED <10 DEC 2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PL 480 TITLE I
TAGS: EAID, IN
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005